

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

SAM-01 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /095 W

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R 042320Z SEP 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 8045

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY CARACAS

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FROM ROCAP

E.O. 11652: N/A

TAGS: ECIN, PORG, GT, CR, HO, ES, NU

SUBJECT: HONDURAN MINECON STRESSES NEED FOR CA INTE4-589,

43*: TEGUCIGALPA 3755

1. SUMMARY AND CONCLUSIONS - FAILURE TO PARTICIPATE IN CA INTEGRATION CAUSES INCREASING ECONOMIC PRESSURE IN HONDURAS, ACCORDING TO MINECON. THUS, FOREIGN AID EXPENDITURES MAY BE OFFSET OR NEGATED BY DAMAGING EFFECTS OF EL SALVADOR-HONDURAS DISPUTE. THEREFORE, OUTSIDE PARTIES PROMOTING DEVELOPMENT MIGHT CONSIDER MORE FORCEFUL ROLE IN ENDING IMPASSE. END SUMMARY.

2. ACCORDING TO AN EFE (SPANISH NEWS AGENCY) DESPATCH DATED AUGUST 29, HONDURAN MINISTER OF ECONOMY SAN MARTIN INDICATED THERE WERE "STRONG ECONOMIC PRESSURES" ON HIS GOVERNMENT TO
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SETTLE ITS DIFFERENCES WITH EL SALVADOR, IN ORDER THAT THE

PROCESS OF CENTRAL AMERICAN INTEGRATION MIGHT MOVE FORWARD.

3. SAN MARTIN MADE THE STATEMENT ON HIS RETURN FROM PANAMA, WHERE HE PARTICIPATED WITH OTHER CA MINECONS AND REPRESENTATIVES OF CA INTEGRATION INSTITUTIONS IN A MEETING WITH IDB AND VENEZUELAN OFFICIALS, INCLUDING ORTIZ MENA AND CUERO MORALES. THE MINISTERS AND THE IDB AND GOV OFFICIALS REPORTEDLY EXAMINED SEVERAL PROJECTS AND FORMULAS TO UTILIZE NEW DEVELOPMENT RESOURCES.

4. ACCORDING TO SAN MARTIN, THE LENDING INSTITUTIONS DECIDED TO DIRECT ALL THEIR SUPPORT TO THOSE ECONOMIC AND SOCIAL PROJECTS HAVING A REGIONAL INTEGRATION CONTENT. HE NOTED THAT THIS DECISION PLACED GREAT PRESSURE ON HONDURAS AND EL SALVADOR TO SETTLE THEIR DIFFERENCES AS SOON AS POSSIBLE. HE SAID HIS COUNTRY FELT MORE EACH DAY THE WEIGHT OF ECONOMIC PRESSURES WHICH ARE MAKING IT NECESSARY TO ACHIEVE A SETTLEMENT WITH EL SALVADOR.

5. SAN MARTIN AFFIRMED, HOWEVER, THAT HONDURAS WOULD INSIST ON MARKING THE FRONTIER BEFORE ARRIVING AT ANY AGREEMENT WITH EL SALVADOR. HE ADDED THAT THE GOH WAS CURRENTLY TAKING STEPS TO REACH AN AGREEMENT AS SOON AS POSSIBLE.

6. A LOCAL IDB SOURCE WAS ASKED BY ROCAF OFF TO COMMENT ON SAN MARTIN'S "PRESSURE" REFERENCE. HE REPLIED THAT ORTIZ MENA HAD TOLD THE HONDURAN MINISTER THAT THE IDB WOULD FIND IT MUCH EASIER TO APPROVE CAPITAL PROJECTS WHERE THERE IS INTEGRATION AMONG NEIGHBORING COUNTRIES. THE IDB SOURCE MADE PARTICULAR MENTION, IN THIS CONTEXT, OF THE EL CAJON HYDROELECTRIC PROJECT IN HONDURAS, NOW UNDER CONSIDERATION FOR IDB FINANCING.

7. MEANWHILE, A PRESS REPORT FROM SAN SALVADOR AUGUST 29 QUOTED A REMARK BY PRESIDENT MOLINA ON THE "NOTABLE IMPROVEMENT IN THE EFFORTS TO NORMALIZE RELATIONS BETWEEN EL SALVADOR AND HONDURAS".

8. COMMENT: THE "ECONOMIC PRESSURES" FELT BY HONDURAS, WOULD APPEAR ALSO TO INCLUDE:
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A) THE RESTRICTION ON THE REGIONAL DEVELOPMENT BANK (CABEI) CAUSED BY THE FREEZE ON ITS CAPITALIZATION, FORCED BY EL SALVADOR; AND
B) THE LACK OF TRADE WITH A TRADITIONALLY IMPORTANT TRADING PARTNER, EL SALVADOR.

9. SIMILAR PRESSURES ALSO IMPACT ON EL SALVADOR, PLUS THE BLOCKAGE OF THE ROAD SOUTH, WHICH LIMITS HER ACCESS TO

NATURAL MARKETS IN NICARAGUA AND COSTA RICA.

10. THE "PRESSURES" CITED BY SAN MARTIN AND THE "IMPROVEMENT" MENTIONED BY MOLINA CONTRAST WITH OTHER REPORTS (SEE E.G. TEGU 3755) INDICATING THAT PROSPECTS FOR A SETTLEMENT ARE DIM. THUS, IT WOULD APPEAR THAT THE SUCCESS OF A PURELY BILATERAL PEACEMAKING SCHEME IS DOUBTFUL AT BEST. THE SITUATION LENDS ITSELF TO INCREASING CONCERN BY OTHER PARTIES (SUCH AS THE OAS, IDB, U.S. AND UN) WHOSE DEVELOPMENT EFFORTS AND EXPENDITURES IN THE AREA ARE TO SOME DEGREE OFFSET, IF NOT NEGATED, BY THE SEEMINGLY ENDLESS SEVEN-YEAR IMPASSE.

1. ACTION REQUESTED: ROCAP WOULD APPRECIATE RECEIVING INFORMATION AS TO THE EXTENT SAN MARTIN IS ACCURATE IN HIS STATEMENT THAT THE IDB AND THE GOV WILL INSIST ON A REGIONAL INTEGRATION CONXINT IN THEIR FUTURE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTE SETTLEMENT, ECONOMIC DEVELOPMENT, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GUATEM04787
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750308-0568
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750985/aaaacxat.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by CunninFX>; APPROVED <01 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HONDURAN MINECON STRESSES NEED FOR CA INTE4-589, 43*: TEGUCIGALPA 3755
TAGS: ECIN, PORG, ECON, GT, CR, HO, ES, NU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006